

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Annual Assessment of the Status of)
Competition in the Markets for the)
Delivery of Video Programming)

CS Docket No. 98-142 ¹⁰²

COMMENTS OF DIRECTV, INC.

DIRECTV, Inc. ("DIRECTV") hereby submits the following comments in response to the Commission's Notice of Inquiry ("NOI") in the above-captioned matter.

I. INTRODUCTION

As of June 1998, DIRECTV provided direct broadcast satellite ("DBS") service to more than 3.75 million subscribers nationwide.¹ Using three high-powered DBS satellites at 101° W.L., DIRECTV offers more than 185 channels of digitally-delivered entertainment, educational, and informational programming directly to homes and businesses equipped with the DSS[®] receiving system, which features satellite dish antennas only 18 inches in diameter.

When DIRECTV first launched its DBS-1 satellite four years ago -- the culmination of ten years and \$750 million worth of effort and investment -- DIRECTV was dedicated to providing consumers with a multichannel video programming distributor ("MVPD") alternative to incumbent cable television operators. DIRECTV remains dedicated to that goal. While the last four years have been successful for DIRECTV -- aided significantly by the

¹ DIRECTV is a wholly-owned subsidiary of DIRECTV Enterprises, Inc., a DBS licensee, which is a wholly-owned subsidiary of Hughes Electronics Corporation.

Commission's continuing commitment to fostering competition to cable television -- neither DIRECTV as a provider nor DBS as a service has achieved a competitive position remotely on par with that of incumbent local cable operators, which continue to exercise market power in the vast majority of local markets.

In today's MVPD market, cable operators continue their efforts to blunt competition from high-power DBS service, whether it is through the attempted acquisition of valuable full-CONUS DBS spectrum (that would otherwise be developed in cable-competitive rather than cable-complementary fashion) through the cable-controlled PRIMESTAR, or through bold attempts to evade the program access law. Until the Commission can accurately conclude that local markets for the delivery of video programming are competitive, the Commission must continue to be vigilant in foreclosing such attempts by incumbent cable television providers to reduce competition in the MVPD market.

To that end, DIRECTV is pleased to submit the following information relevant to the status of MVPD competition.

II. RESPONSE TO DATA REQUESTS

Set forth below are DIRECTV's responses to certain of the specific questions raised in the NOI.

Paragraph 5

5(a) *Number of homes capable of receiving DBS service*

DIRECTV's DBS service today covers the entire continental United States ("CONUS") and parts of Alaska (with a larger receiving dish). Thus, in a sense, all 98 million television households in that geographic area are capable of receiving DBS if they purchase

equipment and can install it with a clear line of sight. To date, approximately 3.75 million households subscribe to DIRECTV.

5(b) *Identities of current DBS operators*

There presently are three high-power U.S. DBS operators providing service to the public: DIRECTV, USSB, and EchoStar. A fourth operator, PRIMESTAR, offers a medium-power DBS-like service using a slightly larger subscriber dish.

5(d) *Number of DIRECTV subscribers and penetration rate*

As of the end of June, 1998, DIRECTV had approximately 3.75 million subscribers, representing a 3.8% penetration rate (calculated by dividing the number of households subscribing to DIRECTV by the number of total households in the United States).

5(e) & (f) *Channel capacity, number and different types of channels offered, number and types of services offered*

DIRECTV's current programming lineup is attached as Exhibit 1, which reflects the number, prices, and different types of channels and services offered. The precise channel capacity utilized at any given time on the DIRECTV system varies somewhat depending on the content being transmitted (compression requirements are different for live, fast action sports as compared to limited action newscasts.) However, it would be reasonable to state that any given time, DIRECTV's programming lineup, including out-of-market sports packages and approximately 50 pay-per-view channels, represents full usage of DIRECTV's existing channel capacity.

Paragraph 6

6(a) *Information on technical advances*

- **Dolby Digital**

In the second quarter of this year, DIRECTV began broadcasting several letter box movie titles using Dolby Digital, using the audio coding technique known as AC3. Dolby Digital is considered the “next generation” audio standard, and has been introduced into the DIRECTV product to appeal to home theater enthusiasts. Generally speaking, Dolby Digital allows the home theater enthusiast to hear six separate and discrete channels of sound, while the current sound system standard -- Dolby ProLogic -- provides full stereo sound to the “front” speakers in a multi-speaker setup, but transmits only a mono signal to the “rear” speakers. By providing six discrete channels of sound, Dolby Digital allows the listener to enjoy a far more realistic and dynamic sound experience, and allows for a more accurate reproduction of the movie soundtrack. This year, Thomson Consumer Electronics began selling an IRD (set top box) that is capable of receiving Dolby Digital sound from the DIRECTV DBS signal. Now that both the DBS signal and this IRD are available, consumers interested in high-end home theater can enjoy letterbox pay-per-view movies with state-of-the-art sound. DIRECTV is the first MPVD to broadcast pay-per-view movies in Dolby Digital.

- **Advanced IRD for Receipt of DIRECTV programming and FSS (Fixed Satellite Service) Programming**

DIRECTV and its affiliate Hughes Network Systems (“HNS”) have developed an IRD/antenna combination that receives signals from DIRECTV’s three DBS satellites at 101° W.L. and PanAmSat’s Galaxy III-R satellite at 95° W.L. The IRD seamlessly integrates programming from both satellite locations into one program guide. The integrated program

guide allows the consumer to add new channels and services to the current DIRECTV lineup, and allows for smooth and convenient switching among services. This system is supporting the recent DIRECTV/EABC launch of ethnic programming services (see response to 7(b) below).

6(b) *Information, including steps, cost and time, regarding effort needed to increase number of homes capable of receiving service*

All 98 million households in the continental United States and parts of Alaska (with a larger receiving dish) are capable of receiving DIRECTV if they purchase equipment and can install it with a clear line of sight. However, increasing service to apartments, condominiums and other Multiple Dwelling Units ("MDUs") with no readily-available exclusive use area suitable for antenna installation (e.g., a south-facing balcony) is a much more expensive and difficult proposition (see response to 7(g) below).

6(c) *Information, including steps, cost and time, regarding effort needed to increase number of channels and types of services offered*

DIRECTV has substantially reached current limits on digital compression with respect to the capacity on its existing satellites. Therefore, the addition of more channels will necessitate expanding to additional satellites, either by using existing satellites at other orbital locations, such as Galaxy III-R, or by launching additional satellites into the 101° W.L. or other orbital locations. Given the acute need for additional DBS channel capacity, DIRECTV has applied to construct, launch and operate a six-satellite expansion system, which application has been pending for more than a year.²

² See Application of DIRECTV Enterprises, Inc. for Authority to Construct, Launch and Operate an Expansion System of Direct Broadcast Satellites (June 5, 1997).

6(d) *Regulatory and judicial developments affecting use of different technologies*

There are several regulatory and judicial developments that could have a dramatic effect on the development of MVPD competition in general and the DBS service in particular.

These include:

- PRIMESTAR acquisition of 110° W.L.

The pending assignment of MCI's DBS channels at 110° W.L. to PRIMESTAR, a medium-powered direct-to-home entity controlled by the nation's largest cable operators,³ if consummated, would result in cable industry control of 28 of the 32 high-powered DBS channels at that location -- one of only three orbital locations capable of covering the entire continental United States. This development would enhance the local market dominance of cable rather than promote MVPD competition. PRIMESTAR never has sought to compete with local cable systems, and simply would use the national distribution capabilities of high-power DBS to complement, rather than compete with, cable service. For that reason, among others, DIRECTV and other parties, including the Department of Justice, have urged that the assignment be denied.

- Cable operator attempts to evade the program access law

Cable operators continue their assault on the program access law, 47 U.S.C. § 628, at the Commission and on Capitol Hill. Yet, if meaningful competition to the cable television industry is ever to emerge, the law's protections should be strengthened, not diluted.

DIRECTV has particularly urged the Commission to address the emerging practice of "terrestrial evasion" of the program access rules. Technological advancements that

³ The PRIMESTAR partners include the nation's top five cable multiple system operators ("MSOs"): TSAT/TCI, Time Warner, MediaOne (formerly Continental Cablevision), Comcast, and Cox.

have diminished the costs of delivering programming terrestrially, coupled with the efforts of cable MSOs to cluster or trade their systems to form broad, contiguous service areas, have created an environment where terrestrial distribution is becoming a more viable method of delivering regional and national programming from production facilities to cable headends. And with access to increasingly large geographic regions, incumbent cable operators have begun to perceive terrestrial distribution as a new tactic to insulate themselves from program access requirements. In at least one major market -- Philadelphia -- the incumbent cable operator, Comcast, has migrated cable programming formerly delivered by satellite to a terrestrial mode of delivery, and has deliberately refused to sell that programming to DIRECTV and other DBS providers, based simply on the position that it does not have to since the programming is no longer satellite-delivered. Comcast claims that its refusal to sell is simply beyond the scope of the Act and the Commission's power to address. Other cable operators have suggested that they will follow Comcast's lead if the Commission declines to intervene.⁴

There is little question, as the Commission has previously observed in response to an inquiry by U.S. House Telecommunications Subcommittee Chairman W.J. ("Billy") Tauzin that "*regardless of the method of delivery*, where programming is unfairly or anti-competitively withheld from distribution, competition is deterred or impeded."⁵ Furthermore, Comcast and the

⁴ See, e.g., Statement of Joshua Sapan, President and Chief Executive Officer, Rainbow Media Holdings, Inc., before the Committee on the Judiciary, United States House of Representatives at 9 (Sept. 24, 1997) (testifying that Rainbow, a subsidiary of Cablevision Systems, Inc., is currently committing substantial resources to develop a terrestrially-delivered programming venture to be offered exclusively to cable operators).

⁵ See Responses to Questions, Subcommittee on Telecommunications, Trade, and Consumer Protection, Committee on Commerce at 7 (emphasis added), *attached to* Letter from William E. Kennard, Chairman, FCC to W.J. ("Billy") Tauzin, Chairman,

rest of the cable industry are mistaken in their views with respect to the Commission's ability to enforce its rules when confronted with such unfair or anticompetitive conduct. As DIRECTV and others have explained in a pending Commission proceeding, Congress granted the Commission the clear authority and mandate to address evasion strategies of cable operators and their affiliates that hinder or deprive competitors from gaining access to satellite-delivered programming. The migration of "satellite cable programming" to terrestrial delivery modes, coupled with a corresponding refusal to sell such programming to a class of MVPD competitors, falls squarely within the protective sweep of such *current* statutory program access provisions, and should be prevented by the Commission.

- Copyright reform

The need for modification of the Section 119 compulsory licensing regime⁶ continues to be urgent, and DIRECTV supports many of the recommendations proffered to Congress by the U.S. Copyright Office in its recent review of the satellite carrier compulsory licensing regime.⁷ These include: preservation and extension of the satellite carrier compulsory license with no sunset provision; harmonization of the differences between the cable and satellite carrier licenses, including rates; creation of a consumer-friendly mechanism for administering the "white area" restriction to the extent it is preserved; and elimination of the 90-day waiting period for subscribing to network signals for those who are cable subscribers.⁸ In addition, DIRECTV

Subcommittee on Telecommunications, Trade and Consumer Protection, Committee on Commerce, U.S. House of Representatives (Jan. 23, 1998) ("Tauzin Response").

⁶ See 17 U.S.C. § 119.

⁷ See *A Review of the Copyright Licensing Regimes Covering Retransmission of Broadcast Signals*, U.S. Copyright Office (rel. August 1, 1997).

⁸ See *id.* at 135-137.

supports elimination of the “private home viewing” restriction from the satellite carrier compulsory license.

On July 8, 1998, the National Rural Telecommunications Cooperative (“NRTC”) filed an Emergency Petition For Rulemaking urging the Commission to initiate promptly an expedited rulemaking proceeding to define “Grade B” signal intensity for purposes of the “unserved household” definition of the Section 119 compulsory license. Section 119 does not give clear guidance on which households may lawfully receive network signals by satellite, nor is there a straightforward mechanism in the statute to test which households are “served.” In particular, Section 119’s use of the “Grade B” signal intensity standard, as that standard currently is being interpreted and applied by the federal courts,⁹ is extremely problematic. DIRECTV supports the expedited action that the NRTC has requested, which is of tremendous importance to the direct-to-home satellite industry and its current and future subscribers.

- Inside Wiring

The Commission last year established procedures under which an MVPD competitor may obtain an incumbent’s cable operator’s MDU “home run” wiring when the building owner terminates the incumbent’s service.¹⁰ The Commission has not acted on a number of petitions for reconsideration of those rules that remain pending.

⁹ *ABC, Inc. v. Primetime 24*, Civ. Act. No. 1: 97CV00090, Order (M.D. N.C.) (June 15, 1998); *CBS, Inc., et al. v. Primetime 24*, Case No. 96-3650-CIV-NESBITT, Supplemental Order Granting Plaintiffs’ Motion for Preliminary Injunction (S.D. Fla.) (July 10, 1998).

¹⁰ In the Matter of Telecommunications Services Inside Wiring, Customer Premises Equipment, In the Matter of the Cable Television Consumer Protection and Competition Act of 1992: Cable Home Wiring, *Report and Order and Second Further Notice of Proposed Rulemaking*, 13 FCC Rcd 3659 (1997).

In addition, in response to the Commission's Second Further Notice in the inside wiring proceeding, DIRECTV has urged the Commission to adopt rules that strike down exclusivity provisions in service contracts between MDU owners and local cable providers. Because of their market power, cable operators are able to obtain long-term and even perpetual exclusive contracts from MDU owners, thus foreclosing competition within the affected MDUs for years, if not indefinitely. Exclusivity provisions in favor of the local cable incumbent constitute a barrier to competition by MVPDs that violate established Congressional and Commission policies favoring MVPD competition. The Commission therefore should declare that cable exclusive contracts are unenforceable.

DIRECTV also has requested the Commission to adopt rules to provide MDU owners with the right to require cable incumbents to allow alternative MVPDs to share cable-owned inside wiring. Mandated sharing is necessary to ensure that alternative MVPDs have the practical ability to serve MDU residents. With respect to DBS, sharing will not cause any harmful interference to the cable signal because DBS frequencies do not overlap with cable frequencies. Indeed, the sharing of wiring occurs today in a number of MDUs in which the MDU owner owns its inside wiring and has permitted such sharing. Thus, DIRECTV has urged the Commission to adopt rules to mandate sharing of wiring where technically feasible.

- Over-The-Air Reception Devices

The Commission's Over-the-Air Reception Devices ("OTARD") rule, 47 C.F.R. § 1.4000, applies to satellite dishes (including DBS and other DTH satellite dishes) one meter or smaller in diameter, or dishes of any size located in Alaska; MDS, MMDS and LMDS (*i.e.*, wireless cable) antennas one meter or smaller in diagonal measurement, plus a mast (if needed);

and television antennas of any size.¹¹ The rule prohibits governmental and private restrictions that impair the ability of antenna users to install, maintain, or use over-the-air reception devices or to receive acceptable quality signals, except where such restrictions are necessary "to accomplish a clearly defined safety objective" or "to preserve an historic district listed or eligible for listing in the National Register of Historic Places. . . ."¹²

DIRECTV generally supports the Commission's OTARD rule and the Commission's vigorous enforcement of it. DIRECTV believes, however, that the rules should be extended to renters and to owners who do not have exclusive use of areas suitable for antenna installation, and again urges the Commission to do so as it considers further action in the OTARD proceeding.

- Lifeline Basic Tier

Congressmen Tauzin and Markey recently introduced legislation that, among other things, would require cable operators to offer a modified basic tier consisting of only broadcast channels and government-required channels, intended to assist DBS subscribers in obtaining access to local signals.¹³ DIRECTV has long advocated that either Congress or the

¹¹ See Preemption of Local Zoning Regulation of Satellite Earth Stations, IB Docket No. 95-59; Implementation of Section 207 of the Telecommunications Act of 1996, Restrictions on Over-the-Air Reception Devices: Television Broadcast Service and Multichannel Multipoint Distribution Service, CS Docket No. 96-83, *Report and Order, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd. 19276 (1996).

¹² 47 C.F.R. § 1.4000.

¹³ See H.R. 4352, 105th Cong., 2d Sess. (1998); *Tauzin and Markey Introduce Alternative Cable Bill*, Communications Daily (July 30, 1998).

Commission take this step, which will enhance the ability of DBS operators to compete against entrenched cable providers.

Paragraph 7

7(b) *Are trends in decreased C-band subscribership and increased DBS subscribership continuing?*

Yes. The C-band sector of the MVPD industry is losing approximately 150,000 - 200,000 of its 2 million subscriber installed base per year. The DBS industry continues to add approximately 2 million subscribers per year.

Data on the geographic location of DBS subscribers

The total number of DIRECTV subscribers is still somewhat skewed to rural households that are not passed by cable. However, DIRECTV's subscriber base is broadening quickly. Three years ago, approximately 60% of DIRECTV subscribers were not passed by cable. Today, approximately 40% of the total number of DIRECTV subscribers are from non-cable-passed areas.

In terms of regions of the country, DIRECTV is spread relatively evenly throughout the population except for the large center city areas where a large portion of the population resides in MDUs.

With respect to competition with cable operators, are there identifiable differences between consumers who subscribe to DBS versus cable, e.g., is DBS more likely to attract "high end" subscribers?

DBS subscribers still tend to have slightly above average household income (although the gap is narrowing), higher consumption of television overall (*i.e.*, number of hours watched) and higher subscription rates to premium movie services than cable subscribers.

Information on programming packages offered to DIRECTV subscribers, pricing for such packages and any changes since last report

Programming information is attached as Exhibit 1. The biggest change for DIRECTV -- and a positive change for DIRECTV subscribers -- is the inclusion of a number of Viacom-owned basic cable programming services, including MTV, Lifetime, and Nickelodeon, in DIRECTV's Total Choice® package with no corresponding price increase.

To the extent that changes have occurred in programming line-up, are there identifiable factors causing these changes?

One negative change in DIRECTV's programming lineup has been the loss of one of the regional sports networks ("RSNs") previously carried on DIRECTV, Sportschannel Philadelphia, due to the purchase by Comcast of the Philadelphia Flyers NHL and 76ers NBA sports franchises, as well as two major Philadelphia sports arenas. Comcast subsequently refused -- and continues to refuse -- to make available to DIRECTV and other DBS operators the successor RSN to Sportschannel Philadelphia, Comcast Sportsnet, claiming that it is under no obligation to do so because Comcast Sportsnet is distributed terrestrially, and therefore is not "satellite cable programming" within the meaning of the program access law. Both DIRECTV and Echostar have pending program access complaints against Comcast requesting that the Commission address Comcast's anticompetitive refusal to sell.

Status of new proposed DBS services, including planned pricing, programming and launch dates, as well as whether consumers will purchase or lease the equipment

- Dolby Digital

DIRECTV's transmission of letterbox pay-per-view movies in Dolby Digital started in the second quarter of this year. These movies are priced at \$2.99, the same price as other pay-per-view movie titles. The IRD required to receive the Dolby Digital broadcasts is available for purchase in consumer electronics stores.

- Ethnic Programming

DIRECTV and the Ethnic-American Broadcasting Company (“EABC”) recently launched a new service that will give consumers the opportunity to receive ethnic programming in addition to DIRECTV’s other programming services. These ten ethnic channels are available as follows:

<u>Channel</u>	<u>Programming</u>
Ciao TV	Italian
WMNB-TV	Russian
Ukrainian Broadcasting Network.....	Ukrainian
Egyptian Satellite Channel.....	Arabic
Nile TV	Arabic
Network Asia	Asian/Indian
SET	Indo-Asian
ERT	Greek
ECOM.....	Chinese
VIVA.....	Filipino

These channels are being transmitted using FSS capacity on Galaxy III-R.

- DIRECTV Airborne

Private and corporate jets, utilizing specialized, FAA-approved DSS equipment, may subscribe to the DIRECTV “Office Choice” package.

7(g) *Service to MDUs*

Have the Commission’s new inside wiring rules affected competition among MVPDs for MDU subscribers?

Although the Commission’s new inside wiring rules are a step in the right direction, they are not much help with respect to stimulating alternative MVPD competition in MDUs because the rules define the point of demarcation as 12 inches outside of the individual unit door rather than at the junction box where cable wiring is first dedicated to an individual

unit. Therefore, a DBS or SMATV provider is still required to run its own duplicative wiring to every unit in the building.

What factors influence MDU competition?

The most significant factor influencing MDU competition is control over rights of entry. Many property owners and property managers have long-term exclusive contracts with the local cable operator. Some of these contracts actually have “evergreen” clauses that extend the term automatically for as long as the cable operator maintains the local franchise. DIRECTV notes that, in some instances, MDU owners have expressed enthusiasm for introducing DIRECTV into their buildings as a cable alternative, but have discovered that pre-existing contracts with cable operators -- some entered into before DIRECTV was launched as an MVPD service -- prohibit them from doing so.

In addition, the economics of each MVPD having to duplicate the wiring from the rooftop to each individual unit make it improbable that more than one MVPD will be able to profitably serve the MDU.

Paragraph 8

8(a) *Up-front costs for equipment and installation of each service*

The average price of an initial DSS hardware set-up is between \$150 and \$200 for the single LNB model and between \$200 and \$250 for the dual LNB model. For those subscribers who choose professional installation, the average charge is \$100. Once the equipment is installed, all DIRECTV programming services are available.

8(b) *Cost of adding service to more than one television set*

The provision of multi-set service to a DIRECTV subscriber requires the subscriber to purchase a dual LNB antenna as the initial set up, as well as an IRD (set top box)

for each additional television set. Additional IRDs cost about \$150. Some manufacturers (e.g., HNS) are offering a dual LNB antenna plus two IRDs for just under \$300. Additionally, there is a monthly programming charge of \$4.99 per set for additional outlets.

8(c) *Prices for various program options and packages offered*

See Exhibit 1.

8(d) *Cost of receiving local broadcast stations along with each service*

Most DIRECTV subscribers receive their local channels at no cost with an off-air broadcast antenna, which can be seamlessly accessed via the A/B switch on the DSS remote control unit. Subscribers who cannot receive off-air signals may qualify to receive distant network signals from Primetime 24 for \$6.63 per month for full east and west coast packages. Those households that cannot receive an off-air signal and that do not subscribe to Primetime 24 may choose to subscribe to a basic package from their local cable operator. The prices vary by cable system but generally range from \$10-\$25 per month.

Paragraph 14

With respect to programming issues, information on program options offered, including exclusive program offerings. Are there certain specific classes of service an MVPD needs in order to be successful?

With respect to classes of programming, all alternative MVPDs must be able, at a minimum, be able to match cable offerings, including all basic channels and RSNs. For this reason, actions such as those taken by Comcast (see responses to 6(d) and 7(b) above), which have both the purpose and effect of denying specific classes of MVPDs access to important regional or national programming, has had a negative -- and could pose a devastating -- effect on the emergence of alternative MVPD competition to cable.

With respect to exclusive programming arrangements, DIRECTV believes that such arrangements can assist non-market-dominant MVPDs in differentiating themselves and becoming more attractive to subscribers as cable competitors. DIRECTV believes that exclusive arrangements, when they are entered into by MVPDs with no market power, can be powerful tools to “jump start” competition, as Congressman Tauzin recently recognized.¹⁴

Paragraph 16

Information on recent or planned programming launches

- Viacom Channels

In the second quarter of this year, DIRECTV incorporated into its Total Choice® packages a number of Viacom basic cable programming services at no additional charge to the customers. The list of eight added channels is provided below:

Lifetime
Comedy Central
MTV Music Television
M2
Nickelodeon
Nick at Nite Classic TV
Nick at Nite's TV Land
VH1

¹⁴ See H.R. 4352, 105th Cong., 2d Sess. (1998); *Tauzin and Markey Introduce Alternative Cable Bill*, Communications Daily (July 30, 1998)

- Toon Disney

Toon Disney, a new 24-hour, all-animation channel from The Disney Channel, has been available on DIRECTV, at no additional charge to Total Choice® customers, since April 18, 1998.

- Days of Our Lives

DIRECTV and Columbia TriStar Television now offer time-shifted airings of the NBC daytime drama “Days of Our Lives,” seven days a week via pay-per-view and monthly subscription. As of May 18, 1998, DIRECTV has been broadcasting each episode of “Days of Our Lives” each night commercial-free to coincide with NBC’s current daytime broadcast of the show.

- ZDTV

ZDTV, an affiliate of Ziff-Davis, will be added to the DIRECTV programming lineup beginning August 1, 1998. ZDTV is a 24-hour cable television network dedicated to providing viewers with entertainment, education and information about computing, technology and the Internet. ZDTV will be added to the DIRECTV Total Choice® programming packages, at no additional charge to customers, and will be available on channel 273.

Paragraph 17

To what extent does DIRECTV offer electronic programming guides to its subscribers?

All DIRECTV subscribers receive the full interactive electronic programming guide.

What number or how many different types of electronic programming guides are available?

For DSS systems, there is one basic type of programming guide. DIRECTV provides the specifications for the guide functionality to individual hardware manufacturers, who then have some latitude to vary the look and feel of the guide, which gives rise to some variation across models.

To what extent do such guides receive financial support from advertising, subscriber fees or both?

DIRECTV's programming guides do not receive financial support from either of these sources.

Paragraph 22

What is the feasibility of combining distribution technologies, e.g., DBS and SMATV, and does DIRECTV use such combined distribution technology?

DIRECTV does integrate its service with other MVPD distribution technologies. Specifically, many subscribers combine an off-air antenna or basic cable television package with DIRECTV in order to receive local broadcast signals. Additionally, there are several MDU installations where DIRECTV has combined with a SMATV operator to offer multichannel programming. In such cases, DIRECTV equipment is used to create a small head-end configuration of selected channels that can be distributed to all units in the building. Any consumer who wants to upgrade to the full functionality and programming line-up of DIRECTV may do so by purchasing an IRD.

Paragraph 23

Type and manufacturers of set top boxes, integrated receiver/decoders or receivers used

The current manufacturers of DIRECTV systems are Thomson Consumer Electronics (RCA, ProScan, and NRTC brands), Sony and HNS. Thomson and Hitachi have announced that they will include in all of their digital television receivers a built-in DIRECTV system.

Function and capabilities of such receivers

As mentioned in previous responses, recent advances in set top box functionality include (i) the ability to receive Dolby Digital audio, and (ii) the ability to receive and integrate programming from 101° W.L. (DIRECTV programming) and 95° W.L. (FSS services via Galaxy III-R) into one programming guide.

Advantages and disadvantages

Each IRD model has its own unique feature set. Generally, 32-bit machines are faster (and have higher prices) than 16-bit machines. Newer-generation IRDs have advanced program guide features such as multiple guide format/sort options (which list programming by title, by channel number, by programming logo, etc., and have the ability to differentiate programming genres by color, *i.e.* sports = red, etc.).

Cost to the company and price to the customer

DIRECTV does not manufacture set top boxes. Generally, prices vary by model and manufacturer, but typically are in the range of \$150 to \$300.

Extent to which device is made available for retail purchase vs. through the service provider

DIRECTV does not distribute set top boxes. Set top boxes are available at approximately 26,000 retail points of sale in the United States.

Actual and projected average monthly purchases of each video and other service by subscribers using such set top boxes

DIRECTV does not track programming package subscription or pay-per-view purchases by the set top box manufacturer/model.

III. CONCLUSION

DIRECTV hopes that the foregoing information is useful to the Commission in taking action to promote the continued emergence of competition in the MVPD industry.

Respectfully submitted,

DIRECTV, Inc.

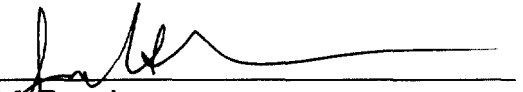
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EXHIBIT 1



PROGRAMMING PACKAGES & CHANNEL LINEUP

CHANNEL

240.....A&E
 220.....AMC (American Movie Classics)
 289.....America's Health Network
 248.....Animal Planet
 268.....BET (Black Entertainment Television)
 274.....Bloomberg Television
 238.....Bravo
 247.....Cartoon Network
 280.....CBS Eye On People
 305.....Classic Sports Network
 275.....CNBC
 202.....CNN
 281.....CNN fr/CNN International
 255.....Comedy Central
 263.....CMT (Country Music Television)
 203.....Court TV
 271.....C-SPAN
 272.....C-SPAN2
 101-199.....DIRECT TICKET® Pay Per View Channels
 100, 200, 224.....DIRECT TICKET® Previews
 101, 301.....DIRECT TICKET® Special Event Channels
 267, 308.....DIRECTV® Platinum Presents
 211, 302, 337.....DIRECTV® Sports Schedules
 300.....DIRECTV® This Month ON SPORTS
 245.....Discovery Channel
 242.....Disney Channel East
 243.....Disney Channel West
 217.....E! Entertainment Television
 235.....ENCORE ACTION
 230.....ENCORE EAST
 232.....ENCORE LOVE STORIES
 234.....ENCORE MYSTERY
 236.....ENCORE TRUE STORIES
 237.....ENCORE WAM!
 231.....ENCORE WEST
 233.....ENCORE WESTERNS
 206.....ESPN
 208.....ESPN2
 207.....ESPNEWS
 258.....The Family Channel
 215.....Food Network
 278.....Fox News Channel (FNC)
 257.....Game Show Network
 304.....The Golf Channel
 204.....Headline News
 241.....The History Channel
 214.....HGTV (Home & Garden Television)
 213.....Home Shopping Network
 239.....Independent Film Channel (IFC)
 246.....TLC (The Learning Channel)
 252.....Lifetime
 276.....MSNBC
 264.....MTV
 265.....M2
 269.....MuchMusic
 501-531.....Music Choice (31 digital-quality audio channels)
Music Choice (5 digital-quality audio channels)
 262.....TNN (The Nashville Network)
 279.....Newsworld International
 251.....Nick at Nite's TV Land
 249.....Nickelodeon/Nick at Nite East
 250.....Nickelodeon/Nick at Nite West
 307.....Outdoor Life Network
 400.....Pay Per View Adult Specials

**TOTAL
CHOICE®
PLATINUM**
\$47.99/month

**TOTAL
CHOICE®
GOLD**
\$39.99/month

**TOTAL
CHOICE®
SILVER**
\$39.99/month

**TOTAL
CHOICE®
PLUS ENCORE**
\$33.99/month

**TOTAL
CHOICE®**
\$29.99/month

**SELECT
CHOICE®**
\$19.99/month

**PLUS
DIRECTV**
\$14.99/month

**A
La Carte**

Programming and
pricing subject
to change.

PROGRAMMING PACKAGES & CHANNEL LINEUP

		TOTAL CHOICE PLATINUM \$47.99/month	TOTAL CHOICE GOLD \$39.99/month	TOTAL CHOICE SILVER \$39.99/month	TOTAL CHOICE PLUS ENCORE \$33.99/month	TOTAL CHOICE \$29.99/month	SELECT CHOICE \$19.99/month	PLUS DIRECTV \$14.99/month	A La Carte
402	PLAYBOY TV								\$12.99/mo. - \$7.99/12 hrs.
290-297	PrimeTime 24 Network Package (restrictions apply)								\$6.67/mo
295	ABC-WKRN (Nashville, TN)								
296	ABC-KOMO (Seattle, WA)								
290	CBS-WSEE (Erie, PA)								
291	CBS-KPIX (San Francisco, CA)								
297	FOXNET								
292	NBC-WNBC (New York, NY)								
293	NBC-KNBC (Los Angeles, CA)								
294	PBSNET								
261	QVC	✓	✓	✓	✓	✓	✓		
309-336	Regional Sports Networks*	✓	✓	1 local	1 local	1 local		up to 22 out-of-market	
313	Empire Sports Network	✓	✓						
329	FOX Sports Arizona	✓	✓						
333	FOX Sports Bay Area	✓	✓						
323	FOX Sports Chicago	✓	✓						
322	FOX Sports Cincinnati	✓	✓						
320	FOX Sports Detroit	✓	✓						
327	FOX Sports Midwest	✓	✓						
309	FOX Sports New England	✓	✓						
312	FOX Sports New York	✓	✓						
330	FOX Sports Northwest	✓	✓						
321	FOX Sports Ohio	✓	✓						
315	FOX Sports Pittsburgh	✓	✓						
326	FOX Sports Rocky Mountain	✓	✓						
317	FOX Sports South	✓	✓						
325	FOX Sports Southwest	✓	✓						
331	FOX Sports West	✓	✓						
332	FOX Sports West 2	✓	✓						
316	Home Team Sports (HTS)	✓	✓						
310	Madison Square Garden (MSG)	✓	✓						
324	Midwest Sports Channel (MSC)	✓	✓						
311	New England Sports Network (NESN)	✓	✓						
319	SPORTSCHANNEL Florida	✓	✓						
318	Sunshine Network	✓	✓						
222	Romance Classics	✓		✓					
254	Sci-Fi Channel	✓	✓	✓	✓	✓	✓		
306	Speedvision	✓	✓						
401	SPICE	✓							\$5.99 to \$7.99/90 min. prices vary
340-399	Sports Subscriptions (Professional & Collegiate)								
225	STARZ!	✓		✓					
227	STARZ!2	✓		✓					
226	STARZ! WEST	✓		✓					
228	STARZ!2 WEST	✓		✓					
259	Superstation TBS	✓	✓	✓	✓	✓	✓		
256	Superstation WGN	✓	✓	✓	✓	✓	✓		
212	TNT	✓	✓	✓	✓	✓	✓		
244	Toon Disney	✓	✓	✓	✓	✓	✓		
286	TBN (Trinity Broadcasting Network)	✓	✓	✓	✓	✓	✓	✓	
260	TRIO	✓	✓	✓	✓	✓	✓	✓	
221	TCM (Turner Classic Movies)	✓	✓	✓	✓	✓	✓	✓	
253	USA Network	✓	✓	✓	✓	✓	✓		
266	VH1	✓	✓	✓	✓	✓	✓		
277	The Weather Channel	✓	✓	✓	✓	✓	✓		



Residential Programming Packages